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SUBJECT: INDIAN INTELLIGENTSIA IN A SEASON OF CRITICIZING
THE DRDO

Classified By: PolCouns Ted Osius for Reasons 1.4 (B,D)

¶1. (U) SUMMARY: The Indian intelligentsia has been harshly critical of late of the efficacy of the Defense Research and Development Organization (DRDO), the organization responsible for designing and developing India's weapons systems. Government officials have chimed in, blaming the agency for cost and time overruns. The DRDO defended itself by pointing its finger at the military for changing requirements mid-stream, and analysts point out that money crises and sanctions have played a role, but the agency has nevertheless had to make changes in its procurement and funding policies to weather the hailstorm of criticism. A "successful" missile defense test recently has been viewed by the media both as a "milestone" and a desperate attempt for good press. While the DRDO may be overcoming its "foreigner phobia" in terms of outsourcing and collaboration, its future is still in doubt and somewhat dependent on the political climate.

The Critical Media

¶2. (U) The Indian media has lately been filling pages of newsprint disparaging India's Defense Research and

Development Organization (DRDO) for cost overruns, delays and non-delivery of weapons systems. "The Indian Express" (IE) ran a seven part series entitled "Delayed Research, Derailed Organization," while the November "Force" magazine cover read, "DRDO: More Misses Than Hits." The DRDO, whose mission is to "design, develop and lead to production state-of-the-art weapons systems" for Indian defense services, has around 50 laboratories and some 33,000 employees. The IE claims the DRDO has overshot estimates by U.S.\$1.34 billion in the last ten years. Failed projects are said to include the guided missile program, the Arjun tank, the Light Combat Aircraft (LCA Tejas), the Integrated Electronic Warfare Program (Samyukta) and the Kaveri jet engine. This cost overrun is reportedly larger than DRDO's budget of U.S.\$1.19 billion for the current year. According to the IE, the DRDO's average time overrun is 10.11 years. "Force" magazine argues that things have gone downhill for the DRDO since 1980, when it began to take on high profile development projects "with the aim of garnering funds, and for closeness to the political leadership." At the time, the DRDO and the defense services worked separately, says the magazine. However, when the Soviet Union (India's top weapons supplier) collapsed, the Indian military became dependent on the DRDO. "As the DRDO failed to show results, the defense services were forced to import equipment from outside to fill operational gaps," explains the magazine.

And Other Critics

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¶3. (U) Indian Comptroller and Auditor-General V.N. Kaul, speaking at an international seminar on defense finance, criticized the DRDO while speaking about problems in defense procurement. "Defense R&D, with an outlay of about U.S. \$1 billion, is an area where accountability often takes shelter under the policy of self-reliance and indigenization becomes a reason for delay," Kaul is quoted as saying. Outlining the flaws of the defense industry as a whole, he claimed that long delays in the procurement system mean technology is often outdated at delivery, allotted funds go unutilized due to poor project and contract management, and quality assurance systems are not modern.

The Rebuttal

¶4. (U) The DRDO defends its performance by blaming the three military services, "who change their requirements while development is in progress and spend too much time on trials," the IE states. After weeks of sharp criticism in and outside the press, the GOI announced deadlines for five of its high profile projects. The Integrated Guided Missile Development Program is to be completed by the end of 2007, the final operational clearance for the LCA Tejas by 2010, the Samyukta by November 30, 2007, and both the Command Information Decisions Support Systems for Army Commanders (Samvahak) and the Naval Indigenous Electronic Warfare Program (Sangraha) by the end of this year. In a response to a question in the Parliament of India, Defense Minister A.K. Antony wrote November 23, "The fact is that due to genuine technical difficulties, some of the projects were delayed, but these are nearing completion and, when developed, they will be equipped with current technologies with a useful life of about 20-25 years." He also promised that stringent review and monitoring mechanisms have been put in place, says the IE.

¶5. (C) K. Santhanam, former DRDO Secretary and Science Advisor to the Defense Minister, told PolOffs that criticism of the DRDO had been misplaced, noting that the DRDO is merely a research organization, and production delays are not the fault of the organization. When asked if the DRDO would

be around for the long term, Santhanam said the organization would remain in place, joking that, "Indians do not kill animals, nor government agencies." "Hindustan Times" foreign editor Pramit Pal Chaudhuri echoed that sentiment in a November 16 meeting, offering, "The army doesn't like the DRDO. It is easy to find old military chiefs to disparage the DRDO."

The DRDO Proposes a Shareholder Scheme

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¶6. (U) In response to criticism that it had failed to deliver to the army, the navy and the air force, but had drained its resources despite that, DRDO Chief and Science Advisor M. Natarajan proposed a shareholder scheme in which a new pattern of funding will tie both the armed services and the private sector into its projects. On November 14, Natarajan told a gathering of experts on investments in defense research that the organization had assessed its strengths and weaknesses, and candidly stated, "we assumed a scientific base, but it was inadequate," reports "The Telegraph." Natarajan reportedly said, "The DRDO is not a manufacturer. Its primary job is to create capacity," and blamed the media for "uninformed reporting" concerning cost and time overruns, states "The Hindu."

The Lost Years

¶7. (C) While the DRDO can't deny overruns, its downward spiral can be tracked, explained "Hindu" Special Correspondent Sandeep Dikshit in a November 15 meeting. With the collapse of the Soviet Union in 1991, paired with India's own foreign exchange crisis, India found "no love or money" to support the DRDO. "Then, once the money came back, the sanctions came," said Dikshit, referring to the 1998-2001 sanctions following India's nuclear test. In the late 1990's, the DRDO was plagued by human resource issues as India became an "IT Superpower," and brighter people fled the DRDO for higher paying jobs in the IT field. After that exodus of talent, there was an erosion of enthusiasm, according to Dikshit. "It became bureaucratic," he said, adding "Research is driven by passion, and there was none." As a result, the DRDO today is not innovative and capable only of serial production, with no clear policy directive behind it, opined Dikshit. Another plague to the Indian defense research industry, Dikshit pondered, is that India's weapons acquisition plan has not been equal to its financial allotments. "There has been no preparation of a long-term financial plan that is married to an acquisition plan," he said, noting that the defense procurement policy had been revised no less than four times in the last six years.

"A Resistance to Everything Foreign"

¶8. (C) India has had a "mind-block when it comes to collaboration" with other countries, commented Dikshit. "There is a resistance to working with foreign universities - in fact, a resistance to everything foreign," Dikshit remarked. Chaudhuri felt similarly, observing, "the DRDO and the Indian ministry says it can't trust the U.S. as a supplier." Despite this, Dikshit feels the Indian outlook is

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changing, citing cooperation with the UN and joint technology operations with the U.S. as helping the Indians to see that outsourcing and foreign cooperation does not necessarily increase security risk.

Missile Test: Moment of Success or Act of Desperation?

¶9. (U) On November 27, in what was touted by one scientist as "a milestone," the DRDO "successfully" launched two of its surface-to-surface Prithvi-2 missiles from two different test ranges on the Orissa coast, intercepting one of them over the Bay of Bengal, according to "The Hindu." "The Pioneer," however, reports that the launch "wasn't exactly a frightfully impressive display of indigenous technology or power," claiming that the organization has "desperately pulled a little known program out of the bag" to claim its Integrated Missile Development Program is doing well. (Note: DAO is reporting on the technical aspects of the test through military channels. Post is also reporting on the test septel).

Comment: Has the DRDO Reached Its Shelf-life?

¶10. (C) Santhanam assured us that the DRDO will "keep limping along," and that's probably an accurate assessment. The defense ministry's latest procurement policy allows for private sector offsets, which will likely make DRDO a highly unattractive investment option. In 23 months, the Parliament Committee on Defense plans to release its report on the DRDO. In addition to the results of that report, the political climate at the time of its release will largely influence the future of the organization. DRDO may survive, but its days of setting "milestones" for India's defense industry appear numbered.
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